FINANCIAL STATEMENT

OF

PEERLESS TRUCK AND MOTOR CORPORATION

FOR THE YEAR ENDED DECEMBER 31, 1920

STATISTICAL LIBRARY
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NOT TO BE TAKEN AWAY

Peerless Truck and Motor Corporation

OFFICERS

Burton G. Tremaine, *President*
Franklin S. Terry, *Vice-President*
Lewis H. Kittredge, *Vice-President*
Theodore W. Frech, *Treasurer*
Earl H. Cavert, *Assistant Treasurer*
George B. Siddall, *Secretary*

DIRECTORS

Burton G. Tremaine, Cleveland, Ohio
Franklin S. Terry, Cleveland, Ohio
Lewis H. Kittredge, Cleveland, Ohio
Theodore W. Frech, Cleveland, Ohio
George B. Siddall, Cleveland, Ohio
William H. Staring, Cleveland, Ohio
Henry A. Tremaine, Cleveland, Ohio
Walter C. Baker, Cleveland, Ohio
Roland T. Meacham, Cleveland, Ohio
George W. York, Cleveland, Ohio
Harrison Williams, New York City

MEMBERS OF EXECUTIVE COMMITTEE

Franklin S. Terry, *Chairman*

Burton G. Tremaine
William H. Staring
Theodore W. Frech
Lewis H. Kittredge

The Peerless Motor Car Company

OFFICERS

Lewis H. Kittredge, *President*
Theodore W. Frech, *First Vice-President*
William H. Staring, *Second Vice-President*
Earl H. Cavert, *Secretary-Treasurer*

DIRECTORS

Lewis H. Kittredge, Cleveland, Ohio
Theodore W. Frech, Cleveland, Ohio
William H. Staring, Cleveland, Ohio
Robert J. Schmunk, Cleveland, Ohio
William R. Strickland, Cleveland, Ohio
Earl H. Cavert, Cleveland, Ohio
George B. Siddall, Cleveland, Ohio
Burton G. Tremaine, Cleveland, Ohio
Harrison Williams, New York City

MEMBERS OF EXECUTIVE COMMITTEE

Lewis H. Kittredge, *Chairman*

Burton G. Tremaine
George B. Siddall

To the Stockholders:

THE favorable business conditions which had prevailed for some time in the automobile industry ended abruptly during the summer of 1920, and since that time the industry has passed through a severe depression. That the affairs of the Corporation were in excellent shape to meet this depression is clearly shown in the statement submitted herewith, and its present sound financial condition is the best insurance for future prosperity when normal business conditions are again restored.

During the year, the Corporation has purchased on the open market and deposited with the Trustee $430,300 par value of its $5,000,000 Ten-Year Gold Notes dated November 10, 1915, and due November 10, 1925. Including this purchase, it has now reacquired and deposited with the Trustee $2,694,850 par value of these notes. Thus more than half of the funded debt has been paid in half the period for which the loan was made.

Since the manufacturing property represented by the stock of the Peerless Truck and Motor Corporation is confined to the property operated by The Peerless Motor Car Company, the statement of the President of that Company (on page 7) will be of interest to you. Your particular attention is directed to the last paragraph of that statement. The Peerless product is a thoroughly sound motor car value, and the merit of it should be personally known to you. The principal characteristics of the product are described in the catalogue, but a test of the car in comparison with other makes is a better way to determine its value. Because the number of Peerless Truck and Motor Corporation Stockholders is very large, they can exert a great influence on the sale of the product, and it is believed that their thorough knowledge of Peerless cars will result favorably to the Corporation.

PEERLESS TRUCK AND MOTOR CORPORATION

BY BURTON G. TREMAINE, *President*

PEERLESS TRUCK AND MOTOR CORPO

CONSOLIDATED BALANCE SHE

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ASSETS

CAPITAL ASSETS:		
Land, Plant, Buildings and Equipment, less Depreciation:		
Balance at January 1, 1920		$ 3,067,852.71
Add: Net Additions during year	$ 109,384.15	
Adjustment on account of depreciation of prior years	50,839.82	160,223.97
		$ 3,228,076.68
Less: Amount Reserved for Depreciation during year		255,302.26
Balance at December 31, 1920		$ 2,972,774.42
Patents, Franchises and Goodwill, including net cost of acquisition of Stocks of Subsidiary Companies		2,862,034.48
TOTAL CAPITAL ASSETS		$ 5,834,808.90
CURRENT ASSETS:		
Inventories of Finished Product, and Work in Process, valued at cost, and Raw Materials valued at cost or market whichever lower	$ 5,410,080.29	
Accounts and Notes Receivable, less Reserves, including Documentary Drafts in process of collection, per contra	617,974.33	
Sundry Debtors	94,486.26	
United States Certificates of Indebtedness and Liberty Loan Bonds at market value	1,406,207.91	
Cash	421,311.56	
TOTAL CURRENT ASSETS		7,950,060.35
SPECIAL FUND:		
Cash deposited under Trust Agreement to acquire balance of stock outstanding of The Peerless Motor Car Company		22,890.00
DEFERRED ASSETS:		
Prepaid Expenses, Insurance and Supplies		46,847.96
		$13,854,607.21

ORATION AND SUBSIDIARY COMPANIES

ET, AS AT DECEMBER 31, 1920

NT No. 1

LIABILITIES

CAPITAL		$ 4,898,110.20
Representing consideration received in Cash for the following Capital Stock issued as full paid and non-assessable in terms of Financial Plans filed in accordance with the Statutes of Virginia:		
Capital Stock Authorized, 400,000 Shares of $50.00 each	$20,000,000.00	
Whereof issued and outstanding, 200,000 Shares of $50.00 each	$10,000,000.00	
THE PEERLESS MOTOR CAR COMPANY:		
7% Cumulative Preferred Stock outstanding in hands of Public, 218 Shares of $100.00 each		21,800.00
FUNDED DEBT:		
Peerless Truck and Motor Corporation Ten Year 6% Secured Convertible Gold Notes, due November 10, 1925	$ 5,000,000.00	
Less: Reacquired and deposited with Trustee	2,694,850.00	2,305,150.00
CURRENT LIABILITIES:		
Accounts Payable	$ 270,608.61	
Documentary Drafts in process of collection, per contra	56,507.32	
Sundry Creditors and Reserves, including Provision for Federal Taxes	698,853.84	
TOTAL CURRENT LIABILITIES		1,025,969.77
SURPLUS:		
Current Surplus:		
Balance January 1, 1920, (Whereof accrued prior to November 10, 1915, $1,114,671.19)	$ 5,259,600.25	
Add: Net Income for year to date (per account No. 2) $1,063,306.13		
Adjustment on account of depreciation of prior years 50,839.82		
$1,114,145.95		
Less: Dividends paid during year 851,526.00		
Net Addition to Surplus	262,619.95	
Balance December 31, 1920	$ 5,522,220.20	
Special Reserve for Contingencies:		
Balance after deducting $144,197.90 due to revision of list prices on cars in hands of dealers on December 29, 1920, and after deducting provision for estimated additional Federal Taxes in respect to prior years	81,357.04	
TOTAL SURPLUS		5,603,577.24
		$13,854,607.21

PEERLESS TRUCK AND MOTOR CORPORATION AND SUBSIDIARY COMPANIES

CONSOLIDATED INCOME ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 1920

ACCOUNT NO. 2

INCOME FROM SALES:		
Net Sales		$14,919,065.30
Cost of Sales:		
Operating, selling and general expenses, plant maintenance and repairs, etc.	$13,438,105.51	
Depreciation of Plant	248,191.98	13,686,297.49
Net Income from Sales		$ 1,232,767.81
OTHER INCOME, including interest earned (net)		219,732.51
Total Income		$ 1,452,500.32
INCOME CHARGES:		
Interest on Peerless Truck and Motor Corporation Ten Year 6% Secured Convertible Gold Notes	$ 149,807.15	
Federal Taxes (estimated requirements)	200,000.00	
Loss on sale of Liberty Loan Bonds, less previous reserve	13,878.02	
Sundry other income charges	35,554.32	399,239.49
		$ 1,053,260.83
INCOME CREDITS:		
Discount on Ten Year Convertible Gold Notes reacquired and deposited with Trustee during year		10,045.30
NET INCOME FOR YEAR, after application of special Income Credits and deductions for estimated requirements for Federal Taxes, carried to Surplus, Account No. 1		$ 1,063,306.13

AUDITORS' CERTIFICATE

CLEVELAND, February 19, 1921.

We have examined the books and accounts of Peerless Truck and Motor Corporation, and of its Subsidiary Company, The Peerless Motor Car Company, for the year ended December 31, 1920, and, having prepared therefrom the foregoing Consolidated Balance Sheet and relative Consolidated Income Account, we certify that the said accounts are in accordance with the books of the Companies, and exhibit in our opinion a true and correct view of the financial position of the combined Companies at the date stated and of their combined operations for the year then ended.

TOUCHE, NIVEN & CO.,

PUBLIC ACCOUNTANTS.

PEERLESS TRUCK AND MOTOR CORPORATION

To the President of the Peerless Truck and Motor Corporation:

DURING the first half of 1920, the demand for Peerless product greatly exceeded the capacity of the plant, but the strikes of the steel workers and of the railway switchmen made manufacturing extremely difficult and interfered to some extent with the production of the Peerless Works. During this period, it was necessary to operate a fleet of trucks to bring material to the factory. It was also necessary to drive to destination much of the finished product for cities east of the Mississippi River, while much of the product intended for cities west of the Mississippi River was driven to various mid-western centers where the railroads were less congested and the product could be loaded for shipment to final destination. Notwithstanding these difficulties, the Company completed the first half of the year less than two hundred cars behind its full capacity schedule.

Shortly after the mid-year period, the demand for motor cars, in common with many other commodities, rapidly diminished to a point considerably below normal. This sudden change from abnormal to less than normal demand naturally resulted in a large inventory, and the business conditions for the balance of the year were so poor that this inventory could not be liquidated. However, the financial condition of the Company was so strong that it continued to discount purchase invoices and did not find it necessary to use trade acceptances or borrow money from the banks.

It has long been the policy of The Peerless Motor Car Company to make its product thoroughly pleasing to the public in quality, service and price. The present Model 56 Peerless Eight is by far the best product ever produced in the Peerless Works, and its price compares very favorably with the prices charged for the product of competing manufacturers. Each year these facts are becoming known to an increasing clientele, and should result in a satisfactory business for the Company under normal conditions.

But the year of 1921 will undoubtedly be one of keen competition because of the over-expanded condition of the older companies and the many new companies which have come into existence during the period of abnormal prosperity resulting from the war. It is therefore of the utmost importance that all who are interested in the prosperity of the Company should learn of the merits of its product by testing it in comparison with other makes, in order that they may speak freely of its merits and thus assist in overcoming sales resistance.

THE PEERLESS MOTOR CAR COMPANY
BY L. H. KITTREDGE, *President*